

The State of Georgia

Request for Proposals

Underwriters/Remarketing Agents for Variable Rate Demand Bonds

The State of Georgia (the "State") plans to issue \$300,000,000 of general obligation variable rate demand bonds in December 2006, as authorized by the Amended General Appropriations Act for fiscal year 2005-2006 (Act. No. 949, 2006 Regular Session H.B. 1026). The proceeds of the bonds will be used to fund transportation projects.

The State is requesting proposals from firms to serve as underwriters/remarketing agents for the bonds. Assume for purposes of your proposal that the bonds will be issued as three sub series, with a different underwriter/remarketing agent for each sub series. The bonds will have a final maturity of 20 years and amortize to produce level debt service based on an assumed interest rate. Bond counsel is Thomas, Kennedy, Sampson & Patterson, Attorneys at Law, and the financial advisor is Public Resources Advisory Group. Disclosure counsel will be determined.

The State will be soliciting bids from banks for a liquidity facility to support the variable rate demand bonds. The selected bank or banks will be required to have at least two ratings in the AA category from the three rating agencies and minimum short-term ratings of P-1/A-1/F-1 from Moody's, Standard and Poor's and Fitch, respectively.

Proposals are due not later than **4:00 PM (EDT) on October 5, 2006**. Please e-mail your proposals to the following:

Diana Pope
Interim Director
Georgia State Financing and Investment
Commission
dpope@gsfic.ga.gov

Steven Peyser
Public Resources Advisory Group
speyser@pragny.com

Lee McElhannon
Director of Bond Finance
Georgia State Financing and Investment
Commission
lmcelhannon@gsfic.ga.gov

Janet Lee
Public Resources Advisory Group
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The following is the projected schedule for this request for proposal process:

Issuance of Request for Proposal	September 21, 2006
Deadline for Questions Related to Request for Proposal	September 28, 2006, 4:00 PM (EDT)
Deadline for Submission of Proposal	October 5, 2006, 4:00 PM (EDT)
Interviews (if necessary)	Week of October 16, 2006
Anticipated Notification of Successful Firm(s)	Week of October 16, 2006
Issuance of Bonds	December 2006

All questions related to this request for proposals should be directed by e-mail to Steven Peyser at Public Resources Advisory Group (E-mail: speyser@pragny.com) not later than 4:00 PM (EDT) on September 28, 2006. Any contact with State officials or other members of the financing team regarding issues raised by this request for proposals is prohibited and may result in disqualification.

Each respondent to this request for proposals must provide its response to the questions contained in Exhibit A. (Please answer each question consecutively.) The State requests that responses to this request for proposals be limited to no more than 20 pages (including the transmittal letter and appendices and excluding responses to questions 12 through 16 in Exhibit A) and a minimum font size of 10 points.

The expenses of your proposal will not be the responsibility of the State. The State reserves the right to waive any irregularity in any proposal and to reject any or all proposals. The State may conduct interviews with short listed firms. The State reserves the right to select more than one remarketing agent. In addition, the State reserves the right not to proceed with the variable rate program.

Selection Criteria

The selection of underwriters/remarketing agents will be made upon review of the following factors:

- Experience with Remarketing Variable Rate Bonds in Georgia
- Experience with Remarketing Variable Rate Bonds Nationally
- Approach to Marketing
- Project Team Assigned and Services Provided
- Price
- Expected Trading Performance
- Overall Quality of Response to RFP and Interview (if any)
- Presence in Georgia and/or small, minority and women-owned firms.

Exhibit A

1. Provide a list of individuals to be assigned, their roles for the engagement and brief biographical information. Discuss how your short-term debt department is organized.
2. Provide a list of Georgia issuers for whom you provide remarketing services for non-AMT tax-exempt variable rate demand bonds. Include the issuer, amount outstanding, mode, ratings, credit facility provider and whether it is a letter of credit or liquidity facility and average spread to BMA over the last 12 months.
3. Provide the total amount of tax-exempt variable rate bonds you remarket overall and list the ten largest programs.
4. Provide a recommended structure for the Georgia program, including the choice of mode, number of remarketing agents and maximum rate.
5. Provide a proposed marketing plan for the bonds.
6. How would you expect the State's variable rate program rates to be set as a spread to BMA in both daily and weekly modes? What existing program should be most comparable to the State's plan issuance? How would you recommend the State monitor the performance of its remarketing agents? How would you expect your firm to perform relative to others?
7. Discuss the services you would expect to provide the State prior to the issuance of the bonds.
8. Provide any comments you may have on the attached preliminary financing schedule.
9. Provide who you would propose to serve as underwriter's counsel.
10. Provide the estimated fees and expenses assuming \$100 million for each remarketing agent, including:
 - a. Takedown
 - b. Management Fee
 - c. Expenses (itemized, including underwriter's counsel on a pro rata basis)
 - d. On-going remarketing fees
 - e. Any other fees
11. Provide your capital position as of the date of your **most recently** published statement of financial position (include information on your total capital, equity capital, excess net capital and daily average uncommitted capital).
12. Provide the number, locations and functions of and total number of employees in any offices in the State of Georgia. Indicate whether your firm is small, minority or women-owned.

13. Disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement.
14. Identify fully the extent to which your firm's individual partners, officers, directors, controlling shareholders, or employees who are in public finance investment banking are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation. In addition, include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last three years.
15. Disclose any arrangement your firm may have with any individual or entity with respect to the sharing of any compensation, fees or profit received from or in relation to acting as an underwriter for the State or the GSFIC. If so, provide a copy of any contract relating to the arrangement and a description of the matter in which compensation or fees would be shared. In addition, disclose whether your firm employs a consultant who acts on your behalf in the State of Georgia to secure public finance business. Provide a copy of any documentation related to the employment of your consultant.
16. Provide a statement to certify that your firm is currently in compliance with MSRB rules G-37 and G-38.